

## Message Text

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46

ACTION NEA-16

INFO OCT-01 EUR-25 ISO-00 AGR-20 LAB-06 HEW-08 SCCT-02

ACDA-19 AID-20 CIAE-00 COME-00 EB-11 FRB-03 INR-11

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03 CIEP-03

SIL-01 OMB-01 NSC-07 SS-20 STR-08 CEA-02 SAM-01

FEAE-00 CU-05 SCI-06 DODE-00 PM-07 H-03 L-03 PA-04

PRS-01 USIA-15 DRC-01 /253 W

----- 110558

R 061249Z AUG 74

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 7636

INFO AMEMBASSY BEIRUT

AMEMBASSY ISLAMABAD

/AMEMBASSY KABUL 2731

AMEMBASSY KUWAIT

AMEMBASSY NEW DELHI

AMEMBASSY JIDDA

AMEMBASSY MANAMA

AMEMBASSY ANKARA

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KUWAIT PASS DOHA; BEIURUT PASS USINT BAGHDAD; KUWAIT PASS MUSCAT;  
ANKARA FOR LABOR ATTACHE

E.O. 11652: N/A

TAGS: SWEL, ELAB, EAGR, ECON, IR

SUBJ: SHAH ADDRESSES FIFTH PLAN REVISION CONFERENCE

REF: TEHRAN 6458

SUMMARY: IN WIDE-RANGING ADDRESS TO RAMSAR CONFERENCE AUGUST 1 AND  
ANOTHER CLOSING SPEECH AUGUST 2 SHAH DIRECTED A NATION-WIDE ASSAULT  
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ON CORRUPTION, A GREATLY EXPANDED SOCIAL WELFARE AND EDUCATION

PROGRAM, CONTINUED STRENGTHENING OF ARMED FORCES, VIGILANCE AGAINST TERRORISM, AND MAINTENANCE OF RESPONSIBLE ROLE IN FOREIGN ECONOMIC AND COMMERCIAL AFFAIRS. REVISED FIFTH PLAN WILL INCREASE PROPOSED GOI EXPENDITURES BY 1978 TO \$68.6 BILLION AND DOUBLE PER CAPITA INCOME. SHAH CALLED ATTENTION TO IRAN'S GROWING MAN-POWER DEFICIT AND POSTULATED LINK BETWEEN INTERNAL TERRORISM AND IRAN'S 1971-1973 CAMPAIGN TO CONTROL ITS OIL RESOURCES. END SUMMARY.

1. HIS MAJESTY DELIVERED WHAT AMOUNTED TO STATE OF THE NATION ADDRESS AT OPENING OF CONFERENCE ON REVISION OF FIFTH PLAN AUGUST 1. SHAH COVERED SAME POINTS MORE BRIEFLY DURING CLOSING SPEECH IN WHICH HE CAUTIONED MINISTERS THAT PROBLEMS OF CARRYING OUT PLAN MAY PROVE MORE DIFFICULT THAN THEY ANTICIPATE. ECONOMIC ASPECTS COMMENTED ON IN REFTEL. POLITICAL/SOCIAL HIGHLIGHTS FOLLOW. (WE ARE POUCHING TRANSLATIONS OF BOTH ADDRESSES TO DEPARTMENT.)

2. CORRUPTION: DECLARING HIMSELF DETERMINED TO ROOT OUT AND PUNISH ALL FORMS OF CORRUPTION, SHAH ISSUED BROAD DEFINITION OF CORRUPTION WHICH INCLUDED NOT ONLY GRAFT, EMBEZZLEMENT, AND OTHER CRIMES BUT ALSO IDLENESS, MALINGERING, AND LAZINESS AMONG STUDENTS AND WORKERS. SPECIAL STRESS WAS PLACED ON GOVERNMENT WORKERS WHO WERE ENJOINED TO PUT IN FULL DAY'S WORK AND NOT TO DEMAND HIGHER WAGES IF THEIR SALARIES AND FRINGE BENEFITS EQUAL THOSE OF PRIVATE SECTOR.

3. WELFARE:

A. SHAH ANNOUNCED SUBSIDIES ON FOODSTUFFS, TRANSPORTATION AND SOCIAL WELFARE TO AID LOW-INCOME GROUPS. EDUCATION THROUGH FIRST EIGHT YEARS OF SCHOOL AND AT VOCATIONAL SCHOOLS WILL BE FREE, AND STUDENTS DESTINED FOR GOVERNMENT JOBS WILL BE GIVEN FREE UNIVERSITY EDUCATION.

B. AFTER NOTING ADVANCES IN HEALTH CARE, MONARCH DECLARED IRAN WAS READY TO PAY ALL EXPENSES FOR ANY IRANIAN OR FOREIGNER TO BUILD, EQUIP AND STAFF MODERN HOSPITALS IN IRAN.

C. TAXES WILL BE WAIVED FOR ALL WHOSE ANNUAL SALARY IS LESS THAN 144,000 RIALS AND WILL BE REDUCED FOR ALL EARNING LESS THAN 700,000 RIALS PER ANNUM, BUT WILL BE INCREASED FOR ALL WHO MAKE MORE THAN THAT. SHAH MILDLY CRITICIZED MINISTRY OF ECONOMICS AND FINANCE WHEN HE SAID QTE GRADUALLY THE MINISTRY OF FINANCE IS BEGINNING TO LIMITED OFFICIAL USE

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UNDERSTAND HOW TO COLLECT TAXES. UNQTE.

4. TERRORISM/MILITARY BUILDUP: SOVERIGN LINKED OUTBREAK OF TERRORISM IN IRAN IN 1971-1973 WITH IRANIAN STRUGGLE TO GAIN CONTROL OF AND MAXIMIZE INCOME FROM ITS OIL. IN RIDICULING ISLAMIC-MARXISTS PHILOSOPHY AS A CONTRADICTION IN TERMS HE PLACED BLAME FOR VIOLENT OPPOSITION TO HIS REGIME ON "TEDEH (COMMUNIST) IL FRONT". WITHOUT NAMING IRAQ, SHAH WENT ON TO DESCRIBE EXTERNAL

THREATS TO IRAN AND TO EXTOL PRESENT AND FUTURE PERSIAN MILITARY MIGHT. HE REITERATED HIS NATION'S RESOLVE NOT RPT NOT TO GO NUCLEAR AND TO CONTINUE SUPPORTING A "NUCLEAR FREE ZONE".

5. MANPOWER SHORTAGES: THOROUGHOUT BOTH SPEECHES RUNS THREAD OF LACK OF MANPOWER AS MAJOR STUMBLING BLOCK TO AMBITIOUS PLANS FOR UTILIZATION OF INCREASED OIL MONIES. IRANIANS AT ALL LEVELS WERE ENJOINED TO WORK HARDER TO INCREASE OUTPUT. NEED TO MAKE BETTER USE OF WOMEN IN LABOR FORCE WAS STRESSED, AND SHAH MENTIONED FOUR TIMES THE POSSIBILITY THAT SKILLED OR UNSKILLED WORKERS MIGHT HAVE TO BE BROUGHT IN FROM OTHER COUNTRIES.

6. COMMENT: SHAH'S TWO SPEECHES WERE OBVIOUSLY INTENDED FOR FOREIGN AS WELL AS DOMESTIC CONSUMPTION. WHILE TONE OF SPEECHES REFLECTS PRIDE IN ACCOMPLISHMENTS AND OPTIMISM THAT IRAN WILL BE ABLE TO ALMOST DOUBLE PER CAPITA INCOME BY 1978 (FROM \$910 TO \$1700), SHAH EMPHASIZED THAT RESULTS WILL NOT COME AUTOMATICALLY BUT WILL REQUIRE GREATER EFFORT AND EFFICIENCY ON PART OF ALL IRANIANS. THIS IS A BASIC AND RECURRING THEME IN SHAH'S DRIVE TO ACHIEVE THE "GREAT CIVILIZATION" DURING THIS GENERATION.

HELMS

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC DEVELOPMENT, EDUCATION, CORRUPTION, PROGRAMS (PROJECTS), SOCIAL SERVICES, MILITARY CAPABILITIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 AUG 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** cunninfx  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974TEHRAN06505  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740214-0534  
**From:** TEHRAN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740869/aaaachjs.tel  
**Line Count:** 136  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** TEHRAN 6458  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** cunninfx  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 13 AUG 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <13-Aug-2002 by boyleja>; APPROVED <24 FEB 2003 by cunninfx>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SHAH ADDRESSES FIFTH PLAN REVISION CONFERENCE  
**TAGS:** SWEL, ELAB, EAGR, ECON, IR, (PAHLAVI, MOHAMMAD REZA)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005